

# GST BULLETIN

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## Setting up of GST Council approved

The Union Cabinet approved setting of GST Council which will fix the rate of GST, which will be uniform across the nation, will recommend the taxes to be replaced and will also outline a dispute resolution mechanism.

The first meeting of Council is scheduled to be held on September 22 and 23 which will be chaired by the Union

Finance Minister and finance ministers from states would be its members.

### **COMMENT:**

This step of the Government will accelerate the pace of implementing GST

## Proposal for bringing Petroleum products under the ambit of GST

*A proposal for imposing a modest tax on petroleum products, including crude and some intermediate products under the GST has come up. The proposal is to impose minimal tax of 2-3% to ensure that it does not hurt consumers much and there is seamless flow of credit and removal of cascading effect of tax. As per the draft model, these products are 'zero rated' till the time GST Council decides to impose a tax. Taxing these products at marginal rate would benefit the industry hugely.*

*COMMENT: The States will continue to have power to tax these products locally hence, the proposal does not seem to have negative impact on State's revenue collection.*

## GST Update on 4-slab rate and exempted goods and services

To implement GST on the principle of being "pro-poor", the Govt. is deliberating to exempt nearly 50% of essential goods and services

from any tax in view of the fact that 300 items in the Centre and 80 items in the States already enjoy

## Indian Revenue Service (IRS) Officers oppose formation of Goods & Service Tax Network (GSTN) and Goods & Service Tax (GST) Council Secretariat

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GSTN is a created to develop IT Infrastructure for GST. The association is demanding its management to be entrusted to Directorate General, Systems of Central Board of Excise and Customs (CBEC) who has significant experience in implementing mega PAN-India IT projects and has necessary domain knowledge as well as expertise to manage GSTN. Currently, Govt. holds 49% stake in GSTN while the rest 51% is entrusted to non-govt. financial institutions. Therefore, association is contending that since GSTN is funded by central and state governments, entrusting its management to private individuals is not justified.

The association is demanding GST council secretariat to be manned by IRS Officers rather than IAS Officers. The Union Cabinet has recently approved appointment of Revenue Secretary, who is always an IAS Officer, as the ex-officio Secretary to the GST council.

**COMMENT:** The Association has raised substantial issues regarding GSTN lacking requisite experience. Therefore the Finance Minister should intervene in the matter.

exemption. Revenue Secretary, Mr. Hasmukh Adhia, who was asked to work on the rates and its revenue implications for both Centre as well as States, proposed a tax band of 8% to 26% with four rate slabs. A meeting ahead of GST Council's first meeting seemed to have consented on proposal of slab rates of 8%, 10%, 18% and 26% to be raised to 10%, 12%, 16% and 25% to keep the revenue earnings intact.

**COMMENT:** There has been a widespread demand to keep the rate at 18%.

*Renaming & Restructuring CBEC as CBIT and DGCEI as DGITI under GST regime*

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Central Board of Excise and Customs (CBEC) will be renamed as Central Board of Indirect Tax (CBIT) under the GST regime. CBIT will consist of six members, to look after Customs, policy and IT, central excise and legal issues, training and litigation. Besides, an additional secretary of the department of revenue, who will be secretary to the GST Council, will be a CBIT member for Central GST (CGST) and Integrated GST (IGST) related matters. Besides, a new legacy commissionerate will be formed for the initial 5 years to handle pending adjudication, audits, legal issues and the like. As per the draft, the entire country will be divided into six regions, namely, Northern, Southern, Eastern, Western, North-Eastern and Central and will be headed by a principal commissioner-level officer. The regions will then be divided into zones putting certain states together and each zone will be headed by a chief commissioner. Every state will then be divided into smaller chunks termed as GST Range so that there are 1,000 assesseees in a range. The Directorate General of Central Excise Intelligence (DGCEI) will be renamed as Directorate General of Indirect Tax Intelligence (DGITI) with a PAN-India presence headed by an officer of DG rank. Every state should have regional units headed by an ADG-rank officer. Additionally, a position of DG, Risk Management Centre (RMC), is proposed to be created and headed by a senior officer of the rank of director general, who shall identify, develop, update and maintain risk parameters in relation to trade, commodities, services and all stakeholders in the domestic supply chain.

**COMMENT:** With the change in indirect tax regime, there shall be significant shift in the structure and functioning of these governing bodies.

*Over 80 Lakh taxpayers to be migrated into GSTN by next month*

The first part of GSTN is expected to be ready by end October and thereafter existing taxpayers of value added tax, service tax and central excise will be migrated to GSTN. GSTN will issue GST identity number (TIN) and generate passwords for such taxpayers. On receiving their ID and passwords, taxpayers would be expected to log on to the GSTN and provide three additional inputs, namely, place and address of business, name(s) of directors or proprietors, and details of bank accounts which will form part of the GST records.

**COMMENT:** This will give time to taxpayers to get familiar with the working under GSTN